



Utilico Investments Limited Interim Management Statement 31 March 2012

Quarterly Management Review

Utilico Investments Limited ("Utilico") published its half year report and accounts for the six month period to 31 December 2011 on 22 February 2012 and has published its monthly fact sheets on its website: www.utilico.bm. Set out below is the interim management statement ("IMS") for the period from 1 January 2012 to 31 March 2012 containing information that covers this period, and up to the date of publication of this IMS.

Performance

Equity markets recovered during the first three months of 2012. The FTSE All Share Index was up 5.0%, the S&P Index (GBP adjusted) was up 8.6% and the MSCI EM Index (GBP adjusted) was up 10.2%. Utilico underperformed the markets, showing a gain of 4.7% over the same period. On a total return basis, adding back the interim dividend of 3.50p paid in March 2012, Utilico was up 6.2%, in line with the FTSE All Share Total Return Index which was up 6.1% over the three months.

Dividends

An interim dividend of 3.50p was announced in February 2012 and paid in March 2012.

Issue of new zero dividend preference shares

In January 2012, a new class of ZDP Shares, with an expiry date of 31 October 2018, were issued to 2012 ZDP holders who elected to roll their shares into the 2018 ZDPs and to institutional investors who participated in a placing. In total, 22.25m 2018 ZDPs were admitted to trading on the London Stock Exchange. The number of outstanding 2012 ZDPs was reduced by 6,143,391.

In March 2012 a further 10.0m 2014 ZDP shares and 10.0m 2016 ZDP shares were placed out and began trading on 15 March. Following admission of the ZDP shares the Group's share capital at 31 March 2012 comprised 99,631,782 ordinary shares, 3,587,343 warrants, 39,342,809 2012 ZDP shares, 47,500,000 2014 ZDP shares, 47,500,000 2016 ZDP shares and 22,250,000 2018 ZDP shares.

Portfolio

Utilico's gross assets less current liabilities (excluding debt) at the beginning of the period under review were £427.2m and increased by £35.8m to £463.0m at the end of March 2012. This increase includes the money raised through the new issue of ZDP shares. Ordinary shareholders funds increased by £10.0m to £239.2m.

The ten largest holdings have remained broadly the same over the four months although there have been changes in the weightings.

Resolute Mining has seen its share price increase by 9.1% to AS\$1.79 over the period. The share price peaked during March 2012, rising to AS\$2.10, but has subsequently fallen back due to the political unrest in Mali. Resolute's half year results to December 2011 reported gold production of 185,072 ounces at a cost of \$741/oz, on track for the forecast production of 410,000 ounces for the full year. The average cash price of gold sold during the six months was \$1,636/oz up from \$1,273/oz during the comparable period of 2010 and profit after tax was up 155% to AS\$51.6m. Resolute Mining is Utilico's largest holding, accounting for 31.7% of Utilico's gross assets. Resolute has been buying back shares in the market since the recent fall in the price and continues to do so.

UEM, Utilico's second largest holding, has seen its share price rise by 9.5% to 162.00p at 31 March 2012. Since UEM's migration from AIM to the main market at the London Stock Exchange on 14 October 2011 the share





price has risen 14.1%. UEM's net asset value has increased 10.2% to 175.54p and the discount has narrowed to 6.6%.

Infratil, previously the Company's largest holding, has been reduced by approximately 25% as a result of sales to an institutional investor and a company associated with the investment manager of Infratil. Over the period, Infratil's share price has increased by 1.1%. Infratil has also been buying back shares in the market.

Jersey Electricity's share price fell by 3.1%, Bermuda Commercial Bank's share price remained flat and Renewable Energy Generation was down 1.0%. Keytech's share price also fell by 0.9% and Ascendant Group rose by 0.3%.

Augean plc, a UK based hazardous waste company, moved into the top ten as a result of share price growth of 23.1%. This growth was partly due to a good set of full year results and partly due to the company receiving its permit for low level nuclear waste disposal at one of its plants, which had been subject to court approval.

Market Conditions

Eurozone sovereign and banking issues remain the focus of the economic and world press. In early March the second bailout package for Greece was confirmed, which had little "knock-on" effect for European markets. Signs of tentative recovery in the US helped push markets higher as unemployment figures fell and spending continued to advance. In Europe, unemployment figures continued to rise, reaching a new high as the region struggles to return to growth. As first quarter growth figures were released, Italy, Spain and the UK were reported to be back in recession.

Oil prices rose to \$103.02 per barrel, up 4.2%. However, prices peaked at \$109.77 during February from a starting low of \$98.83. In March 2012 some of the world's biggest oil buyers co-ordinated a push to release emergency reserves, raising the prospect of relief for Europe and America.

Sterling strengthened against the US Dollar, Euro and Australian Dollar, rising 2.8%, 0.2% and 1.7% respectively, but weakened against the New Zealand Dollar by 2.1%.

Bank debt

Bank debt was reduced to nil at 31 March 2012, from £17.8m at the end of 2011. Cash balances at the end of the period under review were £18.8m.

Hedging

Put options. At 31 March 2012 Utilico held a small net long put option position, of S&P500 Index options, with a value of £5.6m providing a gross market protection of approximately £26.0m.

Currency Hedging. At the end of March 2012 Utilico held currency hedges in New Zealand Dollars, Australian Dollars and Euro's. In total £69.0m of assets are covered by these currency hedges.

Ordinary Shares

During the three months Utilico bought back 295,000 ordinary shares for cancellation at 182.00p per share.

2012 Warrants

The final exercise date for the Company's warrants was 30 April 2012. Holders of 397 warrants exercised their right to receive ordinary shares and a further 432 ordinary shares were issued on 2 May 2012. The remaining warrants lapsed.





ZDP Shares

Over the four months, the traded price of Utilico's 2012 ZDP shares increased by 0.5% to 173.13p, the 2014 ZDP shares rose 0.6% to 148.75p and the 2016 ZDP shares rose by 1.0% to 148.75p. On 26 January 2012, the new tranche of 2018 ZDP shares began trading at 103.00p rising to 106.00p by March month end.

Subsequent to the end of the period under review, Utilico has bought back 575,000 2012 ZDP shares that will be held for investment purposes until redemption on 31 October 2012.

Share price and NAV

Utilico's share price rose from 159.00p at 31 December 2011 to 178.00p at 31 March 2012, an increase of 11.9%. Utilico's discount to NAV narrowed to 25.9% at 31 March 2012. A combination of all Utilico's traded instruments ended March with an 11.1% discount to underlying asset value.

Capital Structure	31 March 2012	31 December 2011
Gross assets less current liabilities	£463.0m	£427.2m
Bank debt and other debt	£1.2m	£19.1m
ZDP shares	£222.5m	£178.9m
Shareholders' funds (ordinary shares)	£239.2m	£229.2m
	<u>£463.0m</u>	<u>£427.2m</u>
Effective gearing on ordinary shares	1.94x	1.86x

Ordinary Shares	31 March 2012	31 December 2011
NAV (cum income)	240.12p	229.33p
Share price	178.00p	159.00p
Discount to undiluted NAV	(25.9%)	(30.7%)
Annual average compound return (including dividends)	12.6%	12.3%
Shares in issue	99,631,782	99,926,452

ZDP Shares at 31 March 2012	2012	2014	2016	2018
Accrued capital entitlement	170.62p	139.87p	139.87p	101.25p
Share price	173.13p	148.75p	148.75p	106.00p
(Discount)/premium to NAV	1.5%	6.3%	6.3%	4.7%
ZDP cover*	6.63	3.10	1.92	1.67
Yield to redemption*	4.4%	4.7%	5.8%	6.5%
ZDP redemption value	177.52p	167.60p	192.78p	160.52p
Shares in issue	39,342,809	47,500,000	47,500,000	22,250,000
*based on final redemption values	UTLA.L	UTLB.L	UTLC.L	UTLD.L

Performance	31 March 2012	31 December 2011	% change
Utilico NAV (cum income)	240.12p	229.33p	4.7%
FTSE All-Share Index	3,002	2,858	5.0%

Sectoral Split of Investments *	31 March 2012	31 December 2011
Gold Mining	33%	32%
Renewable Energy	15%	15%
Electricity	11%	11%
Other	7%	7%
Water and Waste	6%	5%
Toll Roads	5%	5%
Ports	5%	5%
Banks	5%	5%
Airports	5%	5%
Infrastructure IT	5%	6%
Telecoms	3%	4%
	100%	100%
Geographical Split of Investments *		
Gold Mining	33%	32%
New Zealand	15%	14%
Asia & Far East	14%	13%
UK and Channel Islands	12%	12%
Bermuda	7%	8%
Latin America	7%	6%
Australia	6%	8%
Europe (excluding UK)	4%	4%
North America	2%	3%
	100%	100%
<i>* on a look through basis</i>		

Top 10 Holdings as % of Gross Assets		31 March 2012	31 December 2011
		2012	2011
1	Resolute Mining Ltd	31.7%	31.8%
2	Utilico Emerging Markets Limited	20.8%	20.5%
3	Infratil Limited	17.4%	19.3%
4	Bermuda Commercial Bank Limited	3.8%	4.3%
5	Vix Technology Pty Limited	3.3%	4.3%
6	Jersey Electricity Company plc	3.3%	3.7%
7	Renewable Energy Generation Limited	2.9%	2.7%
8	KeyTech Limited	1.6%	1.8%
9	Ascendant Group Ltd	1.4%	1.6%
10	Augean plc	1.3%	-
	Total Top 10	87.5%	91.1%